SAMHSA's Center for Financing Reform & Innovations (CFRI)
Financing Focus: September 15, 2014

The Center for Financing Reform and Innovations (CFRI) provides information, analysis, products, and technical assistance to address changes in the organization and financing of behavioral health care, and to guide Federal officials, States, Territories, Tribes, communities, and private payers on the most effective and efficient use of available resources to meet the prevention, treatment, and recovery support needs of the American public.

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National News

- **President Obama announces executive actions to improve military & veteran behavioral health services**. On August 26, **President Obama** announced 19 executive actions to improve the **U.S. Department of Defense** (DOD) and **U.S. Department of Veterans Affairs**' (VA) behavioral health services for service members, veterans, and their families. The actions will implement additional care coordination requirements for service members with behavioral health conditions who are transitioning from DOD to VA care, expand DOD support for TRICARE behavioral health parity, enhance access to behavioral health services for DOD operational units, and implement new campaigns to raise awareness of behavioral health conditions. Additionally, President Obama announced a $34.4 million VA suicide prevention study and a five-year, $78.9 million **Defense Advanced Research Projects Agency** (DARPA) research program to develop new technologies that will help manage diseases, including **post-traumatic stress disorder** (PTSD) (The White House Blog, 8/26; Politico, 8/26).
- **Court to rehear federal Marketplace subsidy case**. Accepting the **U.S. Department of Health and Human Services**' (HHS) petition to rehear the case *en banc*, the **U.S. Court of Appeals for the District of Columbia** vacated a three-judge panel's decision, which previously held that federally-facilitated **Health Insurance Marketplaces** may not offer insurance subsidies. Oral arguments in the rehearing of *Halbig v. Burwell* will begin December 17 before the full 17-judge court. The three-judge panel previously held that a clause in the ACA stating that subsidies will be available to individuals who are "enrolled in an Exchange established by the state" precluded federally-facilitated Marketplaces from offering subsidies. HHS will continue offering subsidies without interruption until the legal process is resolved. In *King v. Burwell*, a separate case, the **U.S. Court of Appeals for the 4th Circuit** ruled that subsidies were permissible (Washington Post, 9/4; Kaiser Health News, 7/22).
- **HHS awards $142 million in ACA expansion of care grants**. To expand services for pregnant women and parents with young children, on August 4, **HHS** awarded $106.7 million in **Maternal, Infant, and Early Childhood Home Visiting Program** grants. Authorized under the ACA, **HHS Secretary Sylvia M. Burwell** announced that the grants will help "ensure that young families have the option to participate in a program that promotes their children's healthy growth and development." Separately, HHS also awarded $35.7 million in ACA-authorized **Health Center Patient-Centered Medical Home (PCMH) Facility Improvement** grants. The PCMH grants will support the construction of 21 new health centers and the renovation or alteration of 126 existing health centers across 44 states, the District of Columbia, and Puerto Rico (HHS, 8/4; HHS, 8/26).
- **CBO reduces federal Medicaid spending projection; CMS finds health care cost growth remains slow**. On August 27, the **Congressional Budget Office** (CBO) released an update to its April 2014 federal budget projections, estimating that federal Medicaid expenditures will total $4.51 trillion from FY2015 through FY2024, or $40 billion less than the CBO previously projected. According to the CBO, the lowered estimate is due to a reduction in the anticipated cost of health care services and goods. However, despite the new projection, the CBO still projects that Medicaid as a percentage of gross domestic product (GDP) will rise from 1.8 percent in FY2014

to 2.1 percent in FY2024. Meanwhile, the **Centers for Medicare & Medicaid Services** (CMS) released a report finding that, for the fifth consecutive year, overall health care spending grew at a rate significantly lower than the recent historical average. According to the report, following an average annual growth rate of 7.2 percent from 1990 through 2008, health care spending grew by 3.6 percent in 2013 and by less than 4 percent annually since 2009. The report also projected that health care spending will grow by an average annual rate of 5.7 percent through 2023 (Kaiser Health News, 8/27; CMS, 9/3).

- **Bill authorizes $1.3 billion for autism research and services through FY2019**. On August 11, **President Obama** signed the **Autism CARES Act of 2014** (HR 4631), reauthorizing the Combating Autism Act of 2006 and authorizing $1.3 billion in funding for autism research, prevalence monitoring, and services. The Act requires the **HHS Secretary** to assign a deputy to oversee all federal autism-related activities in coordination with the Secretaries of Education and Defense (The White House Blog, 8/11).
- **HHS extends Healthcare.gov IT and administration contract**. On September 2, **HHS** announced plans to extend **Accenture**'s one-year, $90 million **Healthcare.gov** information technology (IT) and administration contract to July 10, 2015. Though the contract was originally set to end in January 2015, according to an HHS spokesperson, the Department determined that it was "unwise to potentially transition the systems development and maintenance to a new provider during the open-enrollment time frame" and that financial details of the extension are still being negotiated. In other preparations for the upcoming open enrollment period, HHS also implemented a final rule finalizing **Health Insurance Marketplace** auto-renewal and eligibility redetermination standards (Life Health Pro, 9/3; Modern Healthcare, 9/2).
- **CDC awards $6 million for prescription drug overdose prevention**. On August 14, the **Centers for Disease Control and Prevention** (CDC) awarded a total of $6 million over three years to the state health departments in Kentucky, Oklahoma, Tennessee, Utah, and West Virginia. Under the awards, the states will improve their **prescription drug monitoring programs** (PDMPs), expand access to overdose reversal drugs, and evaluate state overdose prevention and treatment policies. Additionally, as a condition of the awards, the states agreed to update their "Good Samaritan laws" to expand legal protections for bystanders who report overdoses (Utah Department of Health, 8/14; The Oklahoman, 8/14).
- **CVS ends tobacco sales**. In an unprecedented move for a major pharmacy company, **CVS Caremark** announced that its drug stores will no longer sell tobacco products, effective September 3. As part of the company's move away from tobacco, first announced in February, CVS also launched a national smoking cessation program and rebranded itself as "**CVS Health**." CVS expects to lose $2 billion in annual revenue as a result of the new policy; however, industry analysts note that the move is designed to position the company as a health care provider. **HHS Secretary Burwell** applauded the move, calling it "an unprecedented step in the retail industry, [that] will have an impact in bringing our country closer to achieving a tobacco-free generation" (New York Times, 9/3; HHS, 9/3; CVS Health, 9/3).
- **SAMHSA creates Office of Tribal Affairs and Policy**. To support the development and implementation of behavioral health services in American Indian and Alaska Native (AI/AN)

communities, on August 11, **SAMHSA** created the **Office of Tribal Affairs and Policy** (OTAP) within the **SAMHSA Office of Planning, Policy, and Innovation**. According to **SAMHSA Administrator Pamela Hyde**, OTAP will be SAMHSA's primary point of contact with tribal governments and organizations, other federal agencies, and state agencies on behavioral health issues facing AI/AN communities (SAMHSA, 8/14).

State News

- **HHS approves PA's premium assistance waiver, AR releases draft waiver for health savings accounts**. On August 28, **HHS** approved the **Pennsylvania Department of Public Welfare's** (PDPW) Section 1115 Research and Demonstration waiver to provide private **premium assistance** with **ACA Medicaid expansion** funds. HHS rejected PDPW's requirement that enrollees must be employed, actively seeking work, or participating in a jobs training program. However, HHS approved the provision that will require enrollees with incomes between 100 and 138 percent of the federal poverty level (FPL) to pay a monthly premium of up to two percent of their household income, beginning in January 2016. **Pennsylvania Governor Tom Corbett** (R) announced that he will accept the waiver under HHS' terms. Meanwhile, the **Arkansas Department of Human Services** (ADHS) released a draft Section 1115 Research and Demonstration waiver that would modify its existing **premium assistance program**. Under the waiver, program enrollees with incomes between 50 and 100 percent of the FPL would contribute $5 per month to a **health savings account** (HSA), while individuals with incomes between 101 and 138 percent of the FPL would contribute $10 to $25 per month. In addition, under the new waiver, providers would be permitted to deny services to individuals in the higher income group who do not contribute to their HSAs but may not deny services to those in the lower income group. In March 2014, **Arkansas Governor Mike Beebe** (D) signed a bill (SB 111) ordering ADHS to end the premium assistance program on February 1, 2015 if HHS does not approve a waiver implementing HSAs (Washington Post, 8/28; Pittsburgh Post-Gazette, 8/29; Southwest Times-Record, 8/1; Modern Healthcare, 8/19).
- **CMS approves MA's new Marketplace, IL renews marketing contract, VT finalizes contractor shift**. On August 8, **Massachusetts** officials announced that **CMS** approved the state's plan to develop a new state-based **Health Insurance Marketplace** portal in advance of the next open enrollment period. Without this approval, Massachusetts would have continued its alternate plan to transition to **Healthcare.gov**. Meanwhile, on August 15, **Illinois' Marketplace** renewed its marketing and communications contract with **FleishmanHillard**. The new, nine-month contract totals $25.6 million and follows Illinois' previous one-year, $33 million contract. Finally, **Vermont's Marketplace** finalized contractual agreements for its current contractor, **CGI**, to transfer developmental responsibilities to **Optum**. Under the agreements, CGI will continue to host the Marketplace consumer portal, while Optum will provide information technology support and address the backlog of enrollees whose documentation contains errors (Lowell Sun, 8/8; Chicago Tribune, 8/22; Burlington Free Press, 8/4).
- **Oregon, Washington, and Wisconsin's Marketplaces launch special enrollment periods**. In August, **Oregon's Health Insurance Marketplace** launched a special enrollment period for 1,400 individuals who were incorrectly enrolled in the state's Medicaid program

during the 2014 open enrollment period. According to Oregon officials, Medicaid coverage for those individuals was terminated on August 31, and their special enrollment period will last through October 31. Meanwhile, on August 27, **Washington's Marketplace** launched a special enrollment period to run through November 14 for individuals affected by technical issues during the 2014 open enrollment period. According to Washington officials, individuals who attest that they experienced enrollment, billing, or payment issues are eligible for the special enrollment period. Finally, **Wisconsin's federally-facilitated Marketplace** launched a special enrollment period to run through November 2 for former Medicaid enrollees affected by the state's eligibility changes enacted on April 1, 2014 (Oregon Live, 8/26; Life Health Pro, 8/26; CMS, 9/4).

- **California audit recommends Medicaid substance abuse program improve fraud oversight**. Responding to an independent investigative report, on August 19, the **California State Auditor** released an audit of the **California Department of Health Care Services**' (CDHCS) **Drug Medi-Cal Treatment Program**, the state's public substance abuse treatment, prevention, and recovery program. The report reviewed the program's administrative processes and billing data for July 2008 to December 2013, finding that CDHCS' "failure to properly administer the program created opportunities for fraud," and that five high-risk indicators identified $93.7 million in potentially fraudulent payments to outpatient substance abuse providers. The report recommends that CDHCS coordinate with counties to recover the payments, strengthen fraud monitoring coordination with counties, develop new procedures for identifying claims that may be fraudulent, and take disciplinary action against providers that submit fraudulent claims (Los Angeles Times, 8/19).
- **California: San Francisco launches mental health warm line**. To help individuals with mental illnesses in need of support, the **City and County of San Francisco** launched the **Mental Health Triage Warm Line** to help people "before they reach a crisis point." Funded with a $1.2 million **California Mental Health Services Act** grant, the line is expected to serve at least 20,000 individuals in its first four years of existence. Currently, the line operates from 12pm to 8pm Monday through Friday, with plans to operate 24 hours a day, 7 days a week beginning January 1, 2015. The new warm line augments San Francisco's existing suicide hotline, which receives over 70,000 calls annually (San Francisco Business Times, 8/28; San Francisco Department of Public Health, 8/28).
- **Florida: CMS approves Medicaid managed care renewal, continues overpayment review**. On July 31, **CMS** approved the **Florida Agency for Health Care Administration's** (FAHCA) Section 1115 Research and Demonstration waiver, which will extend Florida's Medicaid managed care program through June 30, 2017. Under the waiver, FAHCA will enroll all non-exempt Medicaid enrollees into managed care plans and expand the use of capitated, risk-adjusted payment models. As part of its approval, CMS announced that it will not currently seek to recover all $267 million in Medicaid overpayments made through the managed care program's **Low Income Pool** (LIP) fund during the first three years of the waiver. Instead, CMS will only seek to recover $104 million, while providing additional oversight of the LIP fund to better identify future overpayments (FAHCA, 8/1; Miami Herald, 8/1).

- **Kentucky awards $19 million for juvenile substance abuse treatment**. In a joint press conference on August 11, **Kentucky Governor Steven Beshear** (D) and **Kentucky Attorney General Jack Conway** (D) announced that the state awarded $19 million in **KY Kids Recovery** grants to 19 health care providers. The grants, which are funded by settlements with pharmaceutical companies announced earlier this year, will expand existing juvenile substance abuse treatment programs or establish new programs. According to Attorney General Conway, one of the program's priorities is expanding the number of treatment beds available to adolescents and young adults (Office of Kentucky Attorney General Conway, 8/11).
- **Washington allocates $30 million to end "psychiatric boarding," requests Supreme Court stay**. Responding to a **Washington Supreme Court** decision banning the practice, on August 22, **Washington Governor Jay Inslee** (D) allocated $30 million to end "psychiatric boarding," the state's policy of keeping inpatient mental health patients at hospital emergency rooms and other non-mental-health facilities while awaiting a treatment bed. According to Governor Inslee, the funding will establish 145 additional treatment beds throughout the state and expand mental health evaluation services. However, Governor Inslee and **Washington Attorney General Bob Ferguson** (D) also submitted a motion asking the Supreme Court to stay its decision for 120 days to give the state time to implement the changes. The motion states that only 10 of the newly funded beds are currently secured and that, if the decision goes into effect as scheduled, hospitals that receive individuals in need of inpatient mental health services will be forced to violate the decision or release the individuals in violation of the federal **Emergency Medical Treatment and Labor Act** (Seattle Times, 8/22; AP via Komo News, 8/22; AP via Seattle Post-Intelligencer, 8/26).
- **West Virginia: Court approves state plan to address staffing shortages at psychiatric hospitals**. On August 1, **Kanawha Circuit Court Judge Duke Bloom** approved the **West Virginia Department of Health and Human Resources**' (WVDHHR) plan to address staffing issues at the state's two psychiatric hospitals and lifted the contempt order that he filed against WVDHHR in June. Under the new plan, WVDHHR will increase starting salaries for new hires, implement annual three-percent retention incentives for staff, and conduct a market rates study to determine competitive wages for direct-care staff. According to the *West Virginia Gazette*, WVDHHR developed the plan to comply with Judge Bloom's orders from July 2009 and June 2014. In June 2014, Judge Bloom said the staff shortages were responsible for inadequate direct care for patients and a lack of community integration services, and held WVDHHR in contempt for failing to address the issue (West Virginia Gazette, 8/1; West Virginia Gazette, 7/1).

Financing Reports

- "**ACA dependent coverage provision reduced high out-of-pocket health care spending for young adults**" *Health Affairs* 33(8): 1361-1366. Busch, S. et al. August 2014.
- "**An ACA provision increased treatment for young adults with possible mental illnesses relative to comparison group**" *Health Affairs* 33(8): 1425-1434. Saloner, B. & Le Cook, B. August 2014 (Time, 8/4).

- "**Approved demonstrations offer lessons for states seeking to expand Medicaid through waivers**" Center on Budget and Policy Priorities (CBPP). Cross-Call, J. & Soloman, J. August 20, 2014.
- **Behavioral health conditions: Most common diagnoses among Medicaid hospital readmissions**. "Medicaid admissions and readmissions: Understanding the prevalence, payment, and most common diagnoses" *Health Affairs* 33(8): 1337-1344. Trudnak, T. et al. August 2014.
- "**California safety-net hospitals likely to be penalized by ACA value, readmission, and meaningful-use programs**" *Health Affairs* 33(8): 1314-1322. Gilman, M. et al. August 2014.
- "**Community health centers: A 2012 profile and spotlight on implications of state Medicaid expansion decisions**" KFF. Shin, P. et al. September 5, 2014.
- **Criminal justice system savings do not offset mental health court costs, study finds**. "Criminal justice and behavioral health care costs of mental health court participants: A six-year study" *Psychiatric Services* 65(9). Steadman, H. et al. September 1, 2014.
- **Enroll America estimates seven million individuals are eligible for special Marketplace enrollment periods**. "State estimates of the number of uninsured adults eligible for a special enrollment period in 2014" Enroll America. Gonzales, R. et al. August 18, 2014 (Fierce Health Payer, 8/21).
- "**Health reform and changes in health insurance coverage in 2014**" *New England Journal of Medicine* 371(9): 867-874. Sommers, B. et al. August 28, 2014.
- **Illinois overdrew an average of $60 million per quarter from federal Medicaid accounts from FY2010 through FY2012**. "Illinois' federal Medicaid withdrawals were supported by net expenditures for fiscal years 2010 through 2012" HHS OIG. August 7, 2014 (Chicago Tribune, 8/18).
- "**In 2012, 57 percent of substance abuse treatment facilities provided community outreach—Up from 47 percent in 2006**" SAMHSA's National Survey of Substance Abuse Treatment Services. August 5, 2014 (SAMHSA, 8/5).
- "**Marketplace competition & insurance premiums in the first year of the Affordable Care Act**" Urban Institute on behalf of RWJF. Holahan, J. & Blumberg, L. August 2014.
- **Marketplace plan premium changes in 15 cities vary from to -15.6 percent to 8.7 percent**. "Analysis of 2015 premium changes in the Affordable Care Act's health insurance marketplaces" KFF. Cox, C. et al. September 5, 2014.
- **Michigan: Federal subsidies lowered average premiums for Marketplace enrollees by 72 percent**. "Effects of the ACA on insurance affordability for the uninsured in Michigan" Center for Healthcare Research & Transformation (CHRT). Fangmeier, J. August 25, 2014.
- "**Michigan health insurance marketplace: Overview and operations**" CHRT. Fangmeier, J. et al. August 25, 2014.
- "**More people than ever before are receiving behavioral health care in the United States, but gaps and challenges remain**" *Health Affairs* 33(8): 1416-1424. Mechanic, D. August 2014.
- "**One year into duals demo enrollment: Early expectations meet reality**" KFF. Musumeci, M. August 13, 2014.

- "**Patient cost-sharing under the Affordable Care Act**" America's Health Insurance Plans (AHIP). August 2014.
- **States have significant flexibility in designing Medicaid health homes.** "Medicaid health homes: A profile of newer programs" KFF. Nardone, M. & Paradise, J. August 6, 2014.
- **Subsidized supportive housing program increased average outpatient mental health service use by 55.5 visits annually**. "Full-service partnerships among adults with serious mental illness in California: Impact on utilization and costs" *Psychiatric Services* 65(9). Gilmer, T. et al. September 1, 2014.
- "**What is the result of states not expanding Medicaid?**" Urban Institute. Dorn, S. et al. August 2014 (Fierce Health Finance, 8/11).
- **Wisconsin: Expanding Medicaid would have reduced state expenditures by $206 million during 2013 through 2015**. "Full Medicaid expansion under the ACA" Wisconsin Legislative Fiscal Bureau. Austin, S. August 12, 2014 (Wisconsin State Journal, 8/17).
- "**Workplace policies and programs concerning alcohol and drug use**" SAMHSA. August 7, 2014 (SAMHSA, 8/28).